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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/506,902	05/23/2005	Anthony Gert Du Preez	50962.0002	6670

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1531 Norwood Avenue
Boulder, CO 80304

EXAMINER

DUNHAM, JASON B

ART UNIT	PAPER NUMBER
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3625

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06/08/2009

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/506,902	Applicant(s) DU PREEZ ET AL.	
	Examiner JASON B. DUNHAM	Art Unit 3625	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 06 April 2009.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-22 is/are pending in the application.
- 4a) Of the above claim(s) 4 and 5 is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-3 and 6-22 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 07 September 2004 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☒ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☒ All b) ☐ Some * c) ☐ None of:
1. ☒ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>9/7/04, 2/14/07</u> . | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Election/Restrictions

Applicant's election without traverse of species (a), claims 1-3 and 6-22, in the reply filed on April 6, 2009 is acknowledged.

Requirement for Information

Applicant and the assignee of this application are required under 37 CFR 1.105 to provide the following information that the examiner has determined is reasonably necessary to the examination of this application.

(a) A copy of any non-patent literature (such as, but not limited to, journal articles, web sites, manuals, text books, etc.) published applications, or patents (U.S. or foreign), by any of the inventors, that relates to the claimed invention.

(b) Information used to draft the application, e.g. a copy of any non-patent literature, published application, or patent (U.S. or foreign) that was used to draft the application. This also encompasses any information, articles, patents, publications, textbooks, manuals, or the like that applicant used to derive the equations used in the claims.

Further, this also includes any work by others or by the Applicant.

(c) Information used in the invention process, e.g. a copy of any non-patent literature, published application, or patent (U.S. or foreign) that was used in the invention process, such as by designing around or providing a solution to accomplish an invention result.

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(d) Improvements : Where the claimed invention is an improvement, identification of what is being improved.

(e) Identification of any use of the claimed invention known to any of the inventors at the time the application was filed notwithstanding the date of the use.

In addition, please provide answers to each of the following interrogatories eliciting factual information:

1. Were the formulas $CBTW_{xm} = FB_{n-1} - (MD / SF_x)$ and $FB_n = SB_{xn} + (MD / SF_x) - MD$ derived from applicant's sole work or was the formula derived in part from the work of others?

2. What parts of the formula above, if any, are not Applicant's own work?

3. Are there similar products and services embodying the disclosed subject matter of the invention? If so, please identify the products/services and their relevant properties.

4. What databases have been searched by Applicant with regards to the claimed invention?

5. What search terms, keywords, and search strings were used by applicant to perform the search?

With the above in mind, Please provide the title, citation and copy of each publication that any of the applicants relied upon to develop the disclosed subject matter

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that describes the applicant's invention, particularly as to developing the formulas $CTBW_{xm} = FB_{n-1} - (MD / SF_x)$ and $FB_n = SB_{xn} + (MD / SF_x) - MD$. For each publication, please provide a concise explanation of the reliance placed on that publication in the development of the disclosed subject matter.

Further, please provide the title, citation and copy of each publication that any of the applicants relied upon to draft the claimed subject matter. For each publication, please provide a concise explanation of the reliance placed on that publication in distinguishing the claimed subject matter from the prior art.

Where an assignee has asserted its right to prosecute pursuant to § 3.71(a) of this chapter, these matters above are also be applied to such assignee.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-3 and 6-10 are rejected under 35 U.S.C. 101. Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. In *re Bilski et al*, 88 USPQ 2d 1385 CAFC (2008); *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876).

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An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Here, applicant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a particular machine. Thus, claims 1-3 and 6-10 are non-statutory since they may be performed within the human mind. The examiner notes that if the limitations of claim 11 were incorporated into independent the 35 USC 101 requirements would be met.

The mere recitation of the machine in the preamble with an absence of a machine in the body of the claim fails to make the claim statutory under 35 USC 101.

Note the Board of Patent Appeals Informative Opinion Ex parte Langemyer et al-

http://iplaw.bna.com/iplw/5000/split_display.adp?fedfid=10988734&vname=ippqcases2&wsn=500826000&searchid=6198805&doctypeid=1&type=court&mode=doc&split=0&scm=5000&pg=

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 11-18 are rejected under 35 USC 112, second paragraph, as being indefinite for failing to particularly point and distinctly claim the subject matter which applicant regards as the invention. Claim 11 recites the phrase “eg. Price, quality, delivery, and service” rendering the claim indefinite because it is unclear whether the limitations following the phrase are part of the claim invention. See MPEP 2173.05(d).

Claim 12 is rejected under 35 USC 112, second paragraph for reciting the limitation "the supplier computers from which offer messages were received". There is insufficient antecedent basis for this limitation in the claim. Claims 1 and 11 upon which claim 12 depends do not recite "offer messages", only “offers”.

Claim 21 is rejected under 35 USC 112, second paragraph, as being indefinite for failing to particularly point and distinctly claim the subject matter which applicant regards as the invention. Applicant asserts that the claim element “the online auction involving the award....” recited in claim 21 is a means (or step) plus function limitation that invokes 35 U.S.C. 112, sixth paragraph as it depends on claim 19. However, it is unclear whether the claim element is a means (or step) plus function limitation that invokes 35 U.S.C. 112, sixth paragraph, because it does not recite a “means for” or “step for” yet recites sufficient structure (buyer and administrator computers) to preclude application of the sixth paragraph. If applicant wishes to have the claim limitation treated under 35 U.S.C. 112, sixth paragraph, applicant is required to:

(a) Amend the claim to include the phrase “means for” or “step for” in accordance with these guidelines: the phrase “means for” or “step for” must be modified by functional language and the phrase must **not** be modified by sufficient structure, material, or acts for performing the claimed function; or

(b) Show that the claim limitation is written as a function to be performed and the claim does **not** recite sufficient structure, material, or acts for performing the claimed function which would preclude application of 35 U.S.C. 112, sixth paragraph. For more information, see MPEP § 2181.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1 and 6-22 are rejected under 35 U.S.C. 102(e) as being anticipated by Feaver (US 2007/0208656).

Referring to claim 1. Feaver discloses a method of conducting an online auction between a controlling party and at least two competing participants, comprising the steps of:

setting a reserve price for the auction (paragraph 291);

conducting the auction between the at least two competing parties (paragraph 288);

determining whether a predetermined time trigger has been reached, and suspending the auction if the reserve price is not reach at that time (paragraph 289);

determining whether the controlling party has selected to enter an optional reserve price negotiation phase, and revising the reserve price for that reserve price negotiation phase (paragraph 325); and

accordingly, extending the auction based on the revised reserve price (paragraph 333).

Referring to claim 6. Feaver further discloses a method including accepting at the close of the reserve price negotiation phase, an offer received during said phase that satisfies the revised reserve price (paragraph 325).

Referring to claim 7. Feaver further discloses a method wherein said predetermined time trigger is the expiry of a set period of the auction (paragraph 324).

Referring to claim 8. Feaver further discloses a method wherein said predetermined time trigger is fixed in accordance with dynamic rules operating during the auction (paragraphs 288-289).

Referring to claim 9. Feaver further discloses a method wherein said predetermined time trigger is set in accordance with the completion of an extension period triggered by a prescribed event in the course of the auction (paragraph 326 disclosing repeating the auction process if a reserve price is not met in a specified time).

Referring to claim 10. Feaver further discloses a method including invoking two or more reserve price negotiation phases (paragraph 291).

Referring to claim 11. Feaver further discloses a method wherein the auction involves the award of a supply contract to a supplier selected from a panel of predetermined suppliers which each have a base supply contract with the buyer, and the computer network over which the online auction is carried out comprises at least one buyer computer, an administrator computer at least two supplier computers, the method including the steps of:

establishing key parameters for a BOM to be submitted by the administrator computer to the least two supplier computers (figure 11);

establishing a rating for each supplier of the panel of predetermined suppliers related to said key parameters (paragraphs 83- 84);

receiving offers during the auction from the supplier computer of suppliers (paragraph 288); and

applying the respective ratings to offers received by the administrator computer from the supplier computers to adjust that offer prior to comparison of that offer with any other offer (paragraph 87).

Referring to claim 12. Feaver further discloses a method wherein the BOM includes a time period for submissions of offers by said suppliers, this time period being extendable to enable submission of an improved final offer from at least some of the supplier computers from which offer messages were received (paragraph 326 disclosing repeating the auction process if a reserve price is not met in a specified time).

Referring to claim 13. Feaver further discloses a method wherein said optional reserve price negotiation phase has a set duration, this duration being extendable to enable submission of an improved final offer from at least some of the supplier computers from which offer messages were received during the reserve price negotiation phase (paragraph 326 disclosing repeating the auction process if a reserve price is not met in a specified time).

Referring to claim 14. Feaver further discloses a method wherein each supplier is provided with a current bid to win in respect of the supply contract, the current bid to win calculated by said administrator computer to dynamically indicate to a supplier an offer that the particular supplier must submit to remain competitive in the auction (paragraph 89).

Referring to claim 15. Feaver further discloses a method wherein the current bid to win for a supplier is calculated in accordance with the formula: $CBTW_{xm} = FB_{n-1} - (MD / SF_x)$. Paragraphs 88-89 disclose determining what trading profile (i.e. CBTW for a particular supplier) will be acceptable to a buyer based on a change in parameters including price, volume, favorability of a trading entity, etc.

Referring to claim 16. Feaver further discloses a method wherein the factored bid is calculated in accordance with the formula: $FB_n = SB_{x_n} + (MD / SF_x) - MD$. Paragraphs 82-84 disclose determining equivalent bids for different suppliers based on the favorability and the parameters including price, volume, etc. they have submitted.

Referring to claim 17. Feaver further discloses a method including comparing the revised reserve price with offers previously received during the auction, to which

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offers said rating has been applied, before the reserve price negotiation phase is commenced (paragraphs 88-89).

Referring to claim 18. Feaver further discloses a method including calculating, for each supplier, a current bid to win based on a measure of the revised reserve price to which a respective supplier rating has been applied (paragraph 89).

Referring to claims 19-22. System claims 19-22 are rejected under the same rationale noted above in the rejection of method claims 1, 6, 11, and 14 containing similar limitations. Feaver discloses a system (figure 1) containing the structure for implementing the limitations noted in the method claims.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 2-3 are rejected under 35 U.S.C. 103(a) as being unpatentable over Feaver in view of Hadingham (US 7,373,325).

Referring to claims 2-3. Feaver discloses all of the above as noted in the 35 USC 102(e) rejection including a reverse quotation component (figure 1) but does not explicitly disclose a reverse auction. Hadingham discloses a method of conducting a reverse online auction involving a buyer and multiple sellers, wherein the controlling party is the buyer (column 1, lines 3-25), and wherein the revising of the reserve price involves setting a higher reserve price (column 23, lines 53 -66). It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to have modified the method of Feaver to have included reverse auction wherein reserve price are raised (i.e. a buyer will pay more), as taught by Hadingham, in order to allow a buyer to select from among bids from multiple suppliers (column 1, lines 25 - 44) and negotiate the best margin for a buyer (column 24, lines 1-11).

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to JASON B. DUNHAM whose telephone number is (571)272-8109. The examiner can normally be reached on M-F, 8-5.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Jeff Smith can be reached on 571-272-6763. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Jason Dunham/ 6/4/09

/Jeffrey A. Smith/
Supervisory Patent Examiner, Art
Unit 3625